

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

2. STATE:

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

Title XIX

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

February 18, 1997

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☐ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447. Subpart E

7. FEDERAL BUDGET IMPACT:

a. FFY 97 \$ -750,000

b. FFY 98 \$ -125,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

I-260, I-261, I-261.1

*** SEE REMARKS

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Same

10. SUBJECT OF AMENDMENT:

Disproportionate Share Hospitals (DSH) - Hospital Relief Subsidy Fund

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Exempt pursuant to 7.3 of the Plan.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

William Waldman

14. TITLE:

Commissioner

15. DATE SUBMITTED:

3/4 / 97

16. RETURN TO:

State of New Jersey
Division of Medical Assistance
& Health Services
CH-712
Trenton, NJ 08625-712

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

MAR 27 1997

18. DATE APPROVED:

JUN 06 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

02/18/97

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Sue Kelly

22. TITLE: Associate Regional Administrator

Division of Medicaid and State Operations

23. REMARKS:

As per State letter received on 5/17/01, pages originally submitted have been revised, renumbered and approved as follows: Attachment 4.19-A page I-265 and page I-265.1

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
Reimbursement for In-State Acute Care Inpatient Hospital Services
Disproportionate Share Hospital**

6. Hospital Relief Subsidy Fund

The Commissioner of Human Services shall designate a hospital as a disproportionate share hospital (DSH) and eligible for DSH payments from the Hospital Relief Subsidy Fund (HRSF) based upon the following:

- a) For purpose of determining which acute care general hospitals are eligible for payment from the Hospital Relief Subsidy Fund, a hospital shall satisfy both of the following independent criteria:
 - i) The hospital's cases, priced at the Medicaid rate for the problem billed categories in (b) below, divided by the hospital's Total Operating Revenue, expressed as a percentage, shall be equal to or greater than the median percentage for New Jersey acute care hospitals receiving Medicaid payments. For periods in which the data source excludes Graduate Medical Education (GME) in the rate, the Medicaid rate shall be adjusted by a hospital-specific GME factor. The hospital-specific GME factor shall be based on the annual Medicaid portion of the hospital-specific GME payments made on an interim basis. This GME factor will be revised as a result of GME settlement results.
 - ii) The hospital's Charity Care days plus the hospital's Medicaid days, divided by the hospital's total days, expressed as a percentage, shall be equal to or greater than the median percentage for New Jersey acute care general hospitals receiving Medicaid payments.
- b) Payments from the Hospital Relief Subsidy Fund shall be based on an eligible facility's percentage of clients with receiving problem-billed services, below:
 - i) Payments from the Hospital Relief Subsidy Fund shall be calculated and distributed to eligible disproportionate share hospitals, if funds are available, using the most recent calendar year hospital expenditure data available as of October 1 of each year preceding the distribution year, in the following manner:

97-04-MA (NJ)

TN 97-04 Approval Date JUN 06 2001
Supersedes TN 96-24 Effective Date FEB 18 1997

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
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- ii) The payments for admissions for the following categories are taken from the most recent hospital expenditure data maintained by the New Jersey Department of Health and Senior Services as of October 1 of each year preceding the distribution year:
- (A) HIV (MDC24);
 - (B) Mental Health (MDC 19);
 - (C) Substance Abuse (MDC 20);
 - (D) Complex Neonates (DRG 600 through 618, 622, 623, 626, or 627);
 - (E) Tuberculosis as a major or minor diagnosis (ICD-9-CM 010.0 through 018.9);
 - (F) Mothers with substance abuse (MDC 14 with the following codes: ICD-9-CM 6483, 6555, 304, 305); and
 - (G) HIV as a secondary diagnosis (excluding MDC 24; including ICD-9-CM 0420 through 0422, 0429 through 0433, 0439, 0440, 0449).
- c) The annual funding for the subsidy shall be distributed monthly among eligible facilities based on the hospital's percentage of payments, priced at the Medicaid rate, including the relevant GME factor as defined in a) above, for patients with the categories listed above in (b)1 as a percentage of all payments, including the relevant GME factor for these patients in these categories in eligible hospitals.

97-04-MA (NJ)

TN 97-04 Approved Date JUN 06 2001
Supersedes TN 96-24 Effective Date FEB 18 1997